

MANDATES

The California Constitution requires the state to reimburse local governments when the state requires them to perform new duties or provide a higher level of service. The Commission on State Mandates determines whether or not local governments are entitled to reimbursement for increased costs mandated by the state. The objective of the Commission is to fairly and impartially hear and determine through a public hearing process whether the state imposed a reimbursable mandate. The Commission determines the activities necessary to comply with a new mandate, adopts a cost estimate, and notifies the Legislature of its findings.

The Commission, created as a quasi-judicial body, consists of seven members. Four of the members are ex officio: the Director of Finance, the State Controller, the State Treasurer, and the Director of the Office of Planning and Research. The remaining three members, appointed by the Governor with Senate approval, include a public member with experience in public finance and two additional members from the categories of city council member, county supervisor, or school district governing board member.

Figure MAN-01 illustrates the major changes proposed in the Governor's Budget for mandates reimbursement funding as well as funding for the Commission on State Mandates.

The major workload adjustments required by law for 2007-08 include the following:

- One-Time Reduction—The budget includes a reduction to the General Fund provided to cities, counties, and special districts (local agencies) of \$402.4 million since the 2006 Budget Act provided the estimated full year cost of mandates to be claimed in the 2006-07 and 2007-08 fiscal years, and the first two payments towards retiring mandate obligations incurred prior to June 30, 2004.

Figure MAN-01
Change Table MAN-01

Mandates - Changes by Broad Categories

	2006-07*			2007-08*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
2006 Budget Act	\$456,009	\$1,713	13.6	\$456,009	\$1,713	13.6
Workload Adjustments						
Employee Compensation/Retirement	85	-	-	78	-	-
One-Time Cost Reductions				-402,380	-1,713	
Other Workload Adjustments	1	-	-	8	11,499	-
Totals, Workload Adjustments	\$86	\$-	0.0	-\$402,294	\$9,786	0.0
Total Adjustments	\$86	\$-	0.0	-\$402,294	\$9,786	0.0
Governor's Budget	\$456,095	\$1,713	13.6	\$53,715	\$11,499	13.6

*Dollars in Thousands, and are also included in other chapters.

Figure MAN-02
Funded Mandates

Absentee Ballots	Mentally Disordered Sex Offenders' Rec commitments
Absentee Ballots-Tabulation by Precinct	Mentally Retarded Defendants Representation
Administrative License Suspension, Per Se	Not Guilty by Reason of Insanity
AIDS/Search Warrant	Pacific Beach Safety
Allocation of Property Tax Revenues	Peace Officers' Procedural Bill of Rights
Animal Adoption	Perinatal Services
Brendon Maguire Act	Permanent Absent Voters
Conservatorship: Developmentally Disabled Adults	Pesticide Use Reports
Coroners Costs	Photographic Record of Evidence
Crime Victim Rights	Police Officer's Cancer Presumption
Custody of Minors-Child Abduction and Recovery	Postmortem Examinations
Developmentally Disabled Attorneys' Services	Rape Victim Counseling
Domestic Violence Arrest Policies	Senior Citizens Property Tax Deferral
Domestic Violence Treatment Services	Sexually Violent Predators
False Reports of Police Misconduct	Stolen Vehicle Notification
Firefighter's Cancer Presumption	Threats Against Peace Officers
Health Benefits for Survivors of Peace Officers and	Unitary Countywide Tax Rates
Judicial Proceedings	Voter Registration Procedures
Medi-Cal Beneficiary Death Notices	AB 3632 Mandates: Services to Handicapped Students and
Mentally Disordered Offenders' Extended Commitments Proceedings	Seriously Emotionally Disturbed Pupils

FUNDED MANDATES

Proposition 1A, approved by the voters in November 2004, amended the California Constitution to require the Legislature to either (1) fund in the Budget Act the amounts determined to be payable in the previous year for each mandate (with certain exceptions) or (2) to suspend that mandate. This suspension requirement does not apply to education or employee rights mandates.

The 2006 Budget Act provided funding for mandated activities carried out in the 2006-07 fiscal year, as listed in Figure MAN-02, and the Legislature and the Administration specified that these funds represent prepayment of the 2007-08 state mandate obligations. The appropriations in the 2006 Budget Act provide only one-half the estimated reimbursable costs for AB 3632 mental health services program, so the Governor's Budget includes \$52 million for the remaining estimated costs. This \$52 million, in addition to the funds provided in the 2006 Budget Act, will fund the estimated costs of the 2006-07 fiscal year.

The previous two budget acts suspended several mandates. The Governor's Budget proposes to continue the suspension of those same mandates. Item 8885-295-0001 of the proposed Budget Bill lists the suspended mandates.

MANDATE REFORM

The Governor's Budget proposes changes that will significantly impact the current determination process. Under the current process, determinations about activities eligible for reimbursement and funding levels are not made until after the activities have been performed and local governments have incurred costs. A significant backlog now exists, and this backlog has increased the elapsed time between when a new law takes effect and when a local agency receives its initial reimbursement. Absent a backlog, the Commission would determine within one year whether or not a claim is a reimbursable mandate and what activities are reimbursable. The backlog has increased this time frame to several years.

The Administration is proposing a process under which the Department of Finance will work with local agencies to develop a cost-efficient method of compliance with new laws and a reasonable and relatively simple way to determine the amounts to be reimbursed to local governments.

The Administration also proposes to repeal the Local Government Employment Relations mandate created by Chapter 901, Statutes of 2000. The statutes and regulations related to this mandate were established to provide a less expensive alternative to court proceedings

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related to unfair practice disputes; however, the County of Sacramento demonstrated in their test claim (01-TC-30) that, contrary to the original intent, this change in the appeal process cost more than the previous process. The Commission agreed that there were increased costs associated with this mandate and approved the test claim. The Governor's Budget is now proposing that this mandate be repealed so local governments can be relieved of this unnecessary cost and the state can be relieved of providing reimbursements for these additional costs.